

IL&FS lenders expect InvIT of road assets by April

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Lenders to bankrupt Infrastructure Leasing and Financial Services Ltd (IL&FS) expect to be able to off-load some of the company's poorly performing road assets into an infrastructure investment trust (InvIT) by April, two people aware of the development said, requesting anonymity. They may, however, have to wait longer than their one-year lock-in period to make money from the assets, which would further extend the timeframe for resolving the IL&FS crisis.

"For now, banks will only hold a position in the InvIT and their debt exposure will be restructured into units," the

first person said. "This will essentially be a privately listed InvIT. The banks will be able to recover their money only 2-3 years down the line when they go into market for a public placement," the person said.

"Until then, they will work on fixing the capital structure, improve the performance of the road assets and clean up the operations and close some contracts. Only then will these roads become marketable products for us to get public money," the person added.

An InvIT manages income-generating infrastructure assets, typically offering investors regular yield and a liquid method of investing in infrastructure projects.

Last October, Uday Kotak, who heads the new board over-



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seeing the resolution of IL&FS, announced that the group would consider launching an InvIT for nine operating road assets with combined debt of

₹10,830 crore held by IL&FS Transportation Networks Ltd. These roads had received poor response from bidders during a sale process last year. In Febru-

ary this year, the group submitted draft documents with the Securities and Exchange Board of India to launch the InvIT. An IL&FS spokesperson said the group is awaiting approval from the regulator.

"We're still working on separating the sustainable and unsustainable debt on these roads, the different exposures of various lenders and how to allocate units on a consolidated basis," the second person said.

"The sustainable portion will be converted into InvIT units. I think the size of the InvIT could be in the ₹9,000-11,000 crore range." IL&FS is proposing an

InvIT at a time when others are also to tap the same route to raise funds. Three private sector road developers – IRB Infra, Larsen & Toubro IDPL and Oriental Structural Engineering – have raised money from public

and private investors for road assets through their InvITs. In addition, the National Highways Authority of India, the government's nodal agency to build roads and highways, plans to

launch its own InvIT in 2020. *Mint* reported in January that the government expects to monetise road assets worth ₹15,000-12,000 crore through this route.

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